

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE
REQUEST FOR FILING APPLICATION UNDER 37 CFR 1.53(b)
WITHOUT FILING FEE OR EXECUTED INVENTOR'S DECLARATION

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Assistant Commissioner for Patents
Washington, DC 20231

Atty. Dkt. 3660-32

Date: November 24, 2000

Sir:

This is a request for filing a new PATENT APPLICATION under Rule 53(b) entitled:

A PAYMENT SYSTEM AND METHOD FOR USE IN AN ELECTRONIC COMMERCE SYSTEM

without a filing fee and/or without an executed inventor's oath/declaration.

This application is made by the below identified inventor(s). Attached hereto are the following papers:

- ☒ An abstract together with
26 pages of specification and claims including
27 numbered claims and also attached is/are
4 sheets of accompanying drawings.
☒ This application is based on the following prior foreign application(s):

Application No.

Country

Filing Date

9904258-2

Sweden

23 November 1999

respectively, the entire content of which is hereby incorporated by reference in this application, and priority is hereby claimed therefrom.

- ☐ This application is based on the following prior provisional application(s):

Application No.

Filing Date

respectively, the entire content of which is hereby incorporated by reference in this application, and priority is hereby claimed therefrom.

- ☐ Certified copy/ies of foreign applications attached.
☐ This application is a ☐ continuation/☐ division/☐ continuation-in-part of application Serial No. , filed
☐ Please amend the specification by inserting before the first line: --This application is a ☐ continuation/☐ division/☐ continuation-in-part of application Serial No. , filed , the entire content of which is hereby incorporated by reference in this application.--
☐ Please amend the specification by inserting before the first line: --This is a continuation of PCT application No. , filed , the entire content of which is hereby incorporated by reference in this application.--
☐ Please amend the specification by inserting before the first line: --This application claims the benefit of U.S. Provisional Application No. , filed , the entire content of which is hereby incorporated by reference in this application.--
☒ Preliminary amendment to claims (attached hereto), to be entered before calculation of the fee.
☐ Also attached.

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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Patent Application of

Lars ANGELIN

Atty. Ref.: 3660-32

Serial No.

Group:

Filed: November 24, 2000

Examiner:

For: A PAYMENT SYSTEM AND METHOD
FOR USE IN AN ELECTRONIC
COMMERCE SYSTEM

November 17, 2000

Assistant Commissioner for Patents
Washington, DC 20231

PRELIMINARY AMENDMENT

Sir:

Prior to calculation of the filing fee and examination the merits, please amend the above-identified application as follows:

IN THE ABSTRACT:

Last line, please delete "To be published together with FIG 2"

IN THE CLAIMS:

Please amend the claims as follows:

1. (*Amended*) A method of payment of goods and services in an electronic commerce system, [utilising] utilizing at least a customer agent [(201)] and a merchant agent [(200)], at least one account manager [(202,204)] associated with said agents for administration of customer accounts and merchant accounts, and at least a mediating trusted agent [(203)] associated with one of said account managers [(204)] and said merchant agent [(200)] for checking transactions, for purchases made by a customer from a merchant,

said at least one customer agent [(201)] and merchant agent [(200)], said at least one account manager [(202)], and said at least one mediating trusted agent [(203)] being interconnectable by a communications network, said merchant agent [(200)] receives an order of goods/service from said customer agent [(201)]; [characterised] characterized by the further steps of:

a customer account manager [(202)] receiving an initiation message sent from said customer agent [(201)], said message including data for registration of said customer agent [(201)], and order information; and providing said customer agent [(201)] with account data during a trading session being established between said customer agent [(201)] and said merchant agent [(200)] over the network;

said customer account manager [(202)] amending and forwarding said initiation message to said mediating trusted agent [(203)] for registration of said customer, and delivering of a deposit;

said mediating trusted agent [(203)] sending an information message including said deposit to said merchant agent [(200)]; and

when the value of at least one purchase amounts to the value of the deposit, or by instructions from said customer agent [(201)] or merchant agent, the trading session is stopped.

2. (*Amended*) A method according to claim 1, [characterised] characterized in that a plurality of purchase orders is executed within limit of said deposit.

3. (*Amended*) A method according to claim 1 [or 2], [characterised] characterized in that said initiation message further comprises the amount of the deposit, a transaction identity, the identity of the merchant and the identity of the merchant's operator for locating a proper mediating trusted agent [(203)].

4. (*Amended*) A method according to claim 3, [characterised] characterized in that said amended initiation message comprises the deposit in the customer currency, a customer identifier, said transaction identity, and the identity of the merchant.

5. (*Amended*) A method according to claim 4, [characterised] characterized in that said information message comprises the deposit in the currency of the merchant, a trading session identity, and said customer identifier.

6. (*Amended*) A method according to claim 1 [any of the preceding claims], [characterised] characterized in that, after the step of said mediating trusted agent [(203)] sending an information message, it comprises the further step of:

said merchant acknowledging the customer and the associated deposit to said mediating trusted agent [(203)].

7. (*Amended*) A method according to claim 6, [characterised] characterized by the further step of:

said mediating trusted agent [(203)] acknowledging the customer and the associated deposit to said customer account manager [(202)].

8. (*Amended*) A method according to claim 7, [characterised] characterized in that said acknowledging including the current exchange rate and that said customer account manager [(202)] forwarding said exchange rate to the customer agent [(201)].

9. (*Amended*) A method according to claim 1 [any of the preceding claims], [characterised] characterized in that the step of said customer account manager [(202)] amending and forwarding said initiation message to said mediating trusted agent [(203)] further comprises the substep of:

vouching for the customer.

10. (*Amended*) A method according to claim 1 [any of the preceding claims], [characterised] characterized in that the step of stopping the trading session further comprises the substep of:

said merchant agent [(200)] receiving a trading session terminate message sent by said customer agent [(201)] or a timeout.

11. (*Amended*) A method according to claim 10, [characterised] characterized by the further steps of:

said customer account manager [(202)] sending a customer transaction record to said mediating trusted agent [(203)];

said merchant agent [(200)] sending a merchant transaction record to the mediating trusted agent [(203)];

said mediating trusted agent [(203)] comparing and evaluating said transaction records, resulting in clearing information;

said mediating trusted agent [(203)] sending said clearing information to said customer account manager [(202)] and a merchant account manager [(204)], respectively; and

said customer account manager [(202)] and a merchant account manager, respectively, sending said clearing information to said customer and said merchant; based on said clearing information, processing said transaction records to a withdrawal record and a deposit record, respectively; storing the transaction records; and sending said withdrawal record to a customer billing system and said deposit record to a merchant billing system.

12. *(Amended)* A payment system for use in an electronic commerce system, comprising at least a customer agent [(201)] and a merchant agent [(200)], at least one account manager [(202,204)] associated with said agents for administration of customer accounts and merchant accounts, and at least a mediating trusted agent [(203)] associated with one of said account managers [(204)] and merchant agent [(200)] for checking transactions, for purchases made by a customer from a merchant,

said at least one customer agent [(201)] and merchant agent [(200)], said at least one account manager [(202)], and said at least one mediating trusted agent [(203)] being interconnectable by a communication network,

[characterised] characterized in that

said merchant agent [(200)] is adapted to receive an order of goods/service from said customer agent [(201)],

said customer account manager [(202)] is adapted to receive an initiation message sent from said customer agent [(201)], said message including data for registration of said customer agent [(201)], and order information; and to provide said customer agent [(201)] with account data during a trading session being established between said customer agent [(201)] and said merchant agent [(200)] over the network;

said customer account manager [(202)] is adapted to amend and forward said initiation message to said mediating trusted agent [(203)] for registration of said customer, and to deliver said deposit;

said mediating trusted agent [(203)] is adapted to send an information message including said deposit to said merchant agent [(200)]; and

said merchant agent [(200)] and/or customer agent [(201)] are adapted to stop the trading session by their on initiative or when the value of at least one purchase amounts to the value of the deposit.

13. (*Amended*) A payment system according to claim 12, [characterised] characterized in that said account manager [(202)] and said mediating trusted agent [(203)] are separate modules.

14. (*Amended*) A payment system according to claim 12 [or 13], [characterised] characterized in that a plurality of transactions is executable within the limit of said deposit.

15. (*Amended*) A payment system according to claim 12 [any of the claims 12-14], [characterised] characterized in that said initiation message further comprises the amount of the deposit, a transaction identity, the identity of the merchant and the identity of the merchant's operator for locating a proper mediating trusted agent [(203)].

16. (*Amended*) A payment system according to claim 15, [characterised] characterized in that said amended initiation message comprises the deposit in the customer currency, the customer currency, a customer identifier, said transaction identity, and the identity of the merchant.

17. (*Amended*) A payment system according to claim 16, [characterised] characterized in that said information message comprises the deposit in the currency of the merchant, a trading session identity, and said customer identifier.

18. (*Amended*) A payment system according to claim 12 [any of the claims 12-17], [characterised] characterized in that said merchant agent [(200)] is adapted to acknowledge the customer and the associated deposit to said mediating trusted agent [(203)].

19. *(Amended)* A payment system according to claim 18, [characterised] characterized in that said mediating trusted agent [(203)] is adapted to acknowledge the customer and the associated deposit to said customer account manager [(202)].

20. *(Amended)* A payment system according to claim 19, [characterised] characterized in that said acknowledging including the current exchange rate and that said customer account manager [(202)] is adapted to forward said exchange rate to the customer agent [(201)].

21. *(Amended)* A payment system according to claim 12 [any of the claims 12-20], [characterised] characterized in that said [said] customer account manager [(202)] is adapted to vouch for the customer.

22. *(Amended)* A payment system according to claim 12 [any of the claims 12-21], [characterised] characterized in that said merchant agent [(200)] is adapted to receive a trading session terminate message sent by said customer agent [(201)].

23. *(Amended)* A payment system according to claim 12 [any of the preceding claims], [characterised] characterized in that

said customer account manager [(202)] is adapted to receive a customer transaction record sent by said customer agent [(201)];

said customer account manager [(202)] is adapted to send said customer transaction record to said mediating trusted agent [(203)];

said merchant is adapted to send a merchant transaction record to the mediating trusted agent [(203)];

said mediating trusted agent [(203)] is adapted to compare and evaluating said customer and merchant transaction records and generate clearing information;

said mediating trusted agent [(203)] is adapted to send said clearing information to said customer account manager [(202)] and a merchant account manager connected to said mediating trusted agent [(203)] via said network, respectively;

said customer account manager [(202)] and a merchant account manager are adapted to send said clearing information to said customer and said merchant, respectively; based on said clearing information, process said transaction records to a withdrawal record and a

deposit record, respectively; store the transaction records; and sending said withdrawal record to a customer billing system and said deposit record to a merchant billing system.

24. (*Amended*) A method for secure delivery of electronic products over a communications network, wherein a merchant agent [(200)] receives and accepts a signed order form a consumer agent [(201)], [characterised] characterized by the further steps of:
the merchant agent [(200)] encrypting the electronic product with a first key [(K2)];
the merchant agent [(200)] signing and sending the encrypted electronic product and the product identity to the consumer agent [(201)] for verification;
the merchant agent [(200)] receiving an acceptance message from the consumer and sending the first key [(K2)] to the customer agent for decryption of the electronic product.

25. (*Amended*) A method according to claim 24, [characterised] characterized by, before the step of sending the first key [(K2)] to the customer agent [(201)], the further step of:

the merchant agent [(200)] receiving a second key [(K1)] from the consumer via a mediating trusted agent [(203)], which signs the second key [(K1)] before delivery to the merchant agent [(200)].

26. (*Amended*) A method according to claim 25, [characterised] characterized in that the first encryption key [(K2)] is encrypted with the second key [(K1)] before the first key [(K2)] is sent to the customer agent [(201)].

27. A method according to claim 24, [characterised] characterized by, after the verification of the received electronic product by the customer agent [(201)], the further step of:

the merchant agent [(200)] receiving a not acceptance message from the customer agent; and

the merchant agent [(200)] initiating a re-sending of the electronic product.

Lars ANGELIN
Serial No.

REMARKS

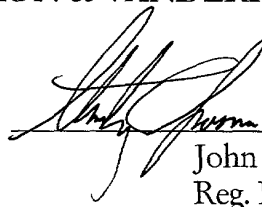
By the foregoing amendment, Applicants have amended the Abstract to delete the last line referencing publication with Fig. 2. Applicants have also eliminated the multiple claim dependencies of claims 3, 6, 9, 10, 14, 15, 18, 21, 22, and 23 in order to minimize the filing fee and deleted the parentheticals in each of claims 1-23. European spellings of certain words, such as "utilize" and "characterize" have also been changed.

Prompt and favorable examination on the merits is respectfully requested.

Respectfully submitted,

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Our Ref.: 3660-32

U.S. PATENT APPLICATION

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Invention: A PAYMENT SYSTEM AND METHOD FOR USE IN AN
ELECTRONIC COMMERCE SYSTEM

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SPECIFICATION

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[illegible]

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The low prices of the goods imply a lower expectation of the security level compared to "full" price systems.

Further, other requirements on payment systems is low price, fast and reliable transfer, and to provide customer integrity.

For every transaction, money has to be transferred from a customer account to a merchant account. Micro payment may be considered as one transaction per merchant site while as a plurality of transactions in other cases. The current business model for micro payments is still not well understood and different solutions aim for different models.

There are two basic concepts and a number of different solutions for each concept on the market. On the one hand DigiCash, CyberCoin and Millicent are well-known digital cash solutions representing the first concept and on the other hand IBM's MiniPay is an account based solution, wherein real money is transferred between different accounts, representing the second concept.

The MiniPay is a lightweight system and probably quite cheap regarding operating costs and it is user friendly.

A general description of a prior art account based system is described with reference to FIG 1.

According to a generic payment system as shown in FIG 1, a merchant 100 displays the goods for sale, e.g on a web page, at step 0. A customer 101 orders goods at step 1. At step 2, the customer 101 sends a payment order to its account manager 102. The payment is transferred to a value acquirer 103 at step 3. The merchant 100 is notified of the payment completion by the value acquirer 102 at step 4 and the goods are finally delivered.

A micro payment system such as the IBM MiniPay system includes a plurality of necessary features in order to operate properly. When a purchasable item is presented on a

customer's browser, the Minipay provides desired click and pay features for the order and payment of the goods.

Further, an easy way for establishment of the link between the goods and the payment system, and the use of the system from the customer's as well as the merchant's point of view has to be provided. The usefulness of the payment system increases if it is adaptable to several accounting systems like Telco's billing systems and banking accounts. It must be possible to do business in multi-operator environment.

The system must be scalable, i.e adaptable for a few users as well as for millions of users with costs growing not more than linearly. For the purpose of distribution the system has to run on standard hardware, such as PCs and workstations. The value of the goods for sale in a micro payment environment is quite low and, consequently, the security measures should be in harmony with these values. Micro payment systems have to provide limited information volume and processing overheads for the transactions. Among the required processing tasks are customer authentication, authorization, and currency exchange rate calculations. Most of the above mentioned features are solved by the MiniPay system.

However, a problem with the MiniPay system and other prior art payment systems is less good solutions to the problem of interoperator transactions, and complex clearing procedures of transactions within an operator and between operators.

Another problem is that prior art payment systems only support a single or a pair of currencies and it is not possible to add new currencies. A consumer expects to buy from merchants scattered around the globe. Thus, there is minimal chance that a consumer buys a product from a merchant using the same currency as in its own country. As much as a consumer expects to pay in its own currency, a merchant expects to be paid in its own.

A main problem in digital cash systems and in some account based systems is double spending, which occurs when customers are involved in several transactions simultaneously. Customer integrity is a further problem in electronic commerce systems, i.e merchants can utilise customer consumption patterns in undesired ways. Authentication, authorisation of the customer, and the handling of encryption keys are important features in a payment system.

PKI (Public Key Infrastructure) is a system(s) using certificates or electronic ID cards for obtaining secure transactions and customer integrity. Certificates exist in various formats and flavours, such as the X.509 standard.

One of the most difficult items in electronic commerce today is how to secure the transportation of digital goods between trading parties. There are several aspects where it might be an advantage to have a mechanism that can protect the involved parties both from a legal and a reliability perspective. Usually, today's trading/payment schemes do not cover this at all, or badly.

Three major problems can be identified as blockers for trading with digital goods over the Internet:

1. Acceptance of Delivery

The consumer does not have sufficient tools to handle acceptance of delivery in case of digital goods. Most often, merchandise has to be accepted as it arrives through the Internet to the consumer's computer. There are no legal possibilities to complain if it was erroneous or completely wrong.

2. Fraudulent Consumers / Non-repudiation

The merchants on the Internet does not have enough or easy tools to prohibit fraudulent consumers from ordering goods that they do not want to pay for. The merchant cannot know if the goods reached the consumer or not.

3. Unauthorized access of goods

In some trading situations, either the consumer or the merchant (sometimes both) does not want to reveal the good for any outsiders. Within the Internet environment, it will
5 always be possible to catch plain text information between two parties.

Summary of the Invention

It is an object of the present invention to provide
10 an improved electronic payment system for use in an electronic commerce system and a method thereof, which reduces the transfer and processing costs for each purchase by a customer from a merchant in the commerce system.

Another object of the present invention is to provide
15 a payment system not disclosing the customer's identity during a trading session.

It is still another object of the present invention to provide secure transactions between a customer and a merchant in order to protect the customer's accounts and
20 its account manager from abuse.

It is a further object of the present invention to prevent double spending of the customer.

It is yet another object of the invention to provide and reduce the authentication procedure to a minimum.

It is still a further object of the present invention
25 to provide a payment system adaptable to several accounting systems.

A further object of the present invention is to enable interoperator transactions.

Another objective is to guarantee the payment to the
30 merchant.

Another object is to provide the customer with spending control.

Still another object of the present invention is to
35 provide a scalable payment system.

Yet another object of the present invention is to support a plurality of currencies.

These objects are accomplished by a payment system and method according to the invention as claimed.

5 A more specific object of the invention is to provide a method for secure delivery of electronic products over a communications network.

Brief Description of the Drawings

10 In order to explain the invention in more detail and the advantages and features of the invention a preferred embodiment will be described in detail below, reference being made to the accompanying drawings, in which

FIG 1 is a block diagram showing a network
15 configuration of a prior art electronic payment system for use in electronic commerce;

FIG 2 is a block diagram showing a network
configuration of an electronic payment system according to
the invention for use in electronic commerce, illustrating
20 the initiation and continuation of a trading session;

FIG 3 is a block diagram showing a network
configuration of an electronic payment system according to
the invention for use in electronic commerce, illustrating
the conclusion of the trading session; and

25 FIG 4 is a block diagram showing a network configuration of an electronic payment system for use in electronic commerce, illustrating a method for secure delivery of electronic products over a communications network according to the invention.

Detailed Description of the Invention

30 With reference to FIG 2 and 3, a payment system for use in an electronic commerce system for reducing the transfer and processing costs for each purchase made by a
35 customer or consumer from a merchant, comprises at least a

merchant agent 200, such as a server or computer system operated by a merchant, a customer agent 201, such as a PC, PDA, Mobile or workstation operated by a customer, at least an account manager 202 provided by an operator associated with said agents for administration of customer accounts and merchant accounts, and at least a mediating trusted agent or a so called value acquirer 203 provided by the operator or another operator associated with the at least one account manager 202 and merchant agent 200 for checking transactions during a trading session.

The customer agent(s) 201 and merchant agent(s) 200, the account manager(s) 202, and the mediating trusted agent(s) 203 are interconnected by for example an electronic communication network, such as the Internet, an intranet, a public switched telephone network, and/or a mobile telephone network, an optical network, or a combination thereof, or another kind of communication network.

The main function of the account manager 202 is to administer the customer accounts and trading records, and to create and forward billing records to external billing systems, such as banks, telecommunication operators, credit card firms etc. A merchant or the merchant agent is associated like customers to the account manager 202; the difference is in the relation to the mediating trusted agent 203.

The mediating trusted agent or value acquirer 203 is a part of the payment system of the merchant's operator. The function of the value acquirer 203 is to handling a deposit, described later, check the transaction records when trading sessions are terminated, and deliver the transaction records to the appropriate account managers of the customer and merchant, respectively.

A relation between a customer 201 and an account manager 202 when the customer is logged-on to the account

manager is denoted a session. Each session is given an identity generated by the account manager 202 according to the following illustrative pseudo code expression:

5 *Sessionidentity=AccountManagerIdentity.Sequencenumber1*

The SessionIdentity is valid through the complete session.

10 A relation between a customer agent 201 and a merchant agent 200 when the customer orders goods is denoted a transaction. Each transaction is given an identity when it is generated by the account manager 202 according to the following pseudo expression.

15 *TransactionIdentity=SessionIdentity.Sequencenumber2*

The TransactionIdentity is generated by the account manager 202 when the customer agent 201 informs about a purchase. Further, the TransactionIdentity is valid through the complete transaction.

20 A method of payment of goods in an electronic commerce system according to the invention is divided into two phases: an initiation phase illustrated in FIG 2, including steps regarding the initiation and continuation of a trading session; and a conclusion phase illustrated in FIG 3, including steps regarding the conclusion of a trading session.

Hence, in the following description, the payment system is only partly disclosed. Some well-known features such as the initial contacts between a customer and a merchant and the registrations and other system entities are not described in detail so as not to make the present invention unclear.

30 All involved parties are given an asymmetric key pair at registration and algorithms like RSA or DSA are likely

to be used. Further, all communication except between the customer and the merchant is carried out on secure channels like SSL or IPsec.

In the initiation phase, a normal GET URL message is used to download a web page and a normal response to the GET URL is performed at step 0, i.e a web page with prices and information associated for proceeding with the transaction. The merchant agent 200 receives an order of goods/service from the customer agent 201. The customer account manager 202 receives an initiation message sent from the customer agent 201, wherein the message includes data for registration of the customer agent 201, and order information with the size of the purchase. The initiation message further comprises the amount of the deposit, a transaction identity, the identity of the merchant and the identity of the merchant's operator for locating a proper mediating trusted agent 203.

Further, the customer account manager 202 provides the customer agent 201 with account data during a trading session being established between the customer agent 201 and the merchant agent 200 over the network. The customer account manager 202 amends and forwards the initiation message to the mediating trusted agent 203 for registration of the customer, and delivering of a deposit. The amended initiation message comprises the deposit in the customer currency, a customer identifier, the transaction identity, and the identity of the merchant.

The mediating trusted agent 203 sends an information message including the deposit to the merchant agent 200. The information message comprises the deposit in the currency of the merchant, a trading session identity, and the customer identifier. The trading session is now ready to start.

After the mediating trusted agent 203 has sent an information message, the merchant acknowledges the customer and the associated deposit to the mediating trusted agent 203.

5 The mediating trusted agent 203 acknowledges the customer and the associated deposit to the customer account manager 202.

10 The acknowledge includes the current exchange rate and that the customer account manager 202 forwards the exchange rate to the customer agent 201.

When the customer account manager 202 amends and forwards the initiation message to the mediating trusted agent 203 the customer is also vouched for.

15 When the value of at least one purchase amounts to the value of the deposit, a clearing procedure is initiated by the merchant 200. If the deposit is consumed and a subsequent purchase attempt is made it will be treated as an initial purchase attempt and a new transaction is initiated. However, a plurality of purchase orders can be
20 executed within the limit of a single deposit.

Additionally, the trading session can be stopped by instructions from the customer agent 201 or the merchant agent 202 or after a timer expiry, which may be agreed upon at the initiation.

25 Thus, in order to stop or terminate the trading session the merchant agent 200 receives a trading session terminate message sent by the customer agent 201 or a timeout.

30 During the conclusion phase the customer account manager 202 receives a signed customer transaction record sent by the customer agent 201, the customer account manager 202 sends the customer transaction record to the mediating trusted agent 203 and the merchant agent 200 sends a signed merchant transaction record to the mediating
35 trusted agent 203.

Further, the mediating trusted agent 203 compares and evaluates the transaction records, resulting in clearing information. The mediating trusted agent 203 sends the clearing information to the customer account manager 202 and a merchant account manager 204, respectively.

Finally, the customer account manager 202 and a merchant account manager 204, respectively, send the clearing information to the customer agent 201 and the merchant agent 200, in this embodiment of the invention.

This is, however, not necessary and can be optional. Based on the clearing information, the transaction records are processed to a withdrawal record and a deposit record, respectively, which are stored. The withdrawal record is sent to a customer billing system 205 and the deposit record is sent to a merchant billing system 206.

The trading session may comprise a good number of single purchases, thereby reducing the transfer and processing costs for each purchase as most of the required transfer and processing are performed at one instant for a large number of purchases. This is especially important for the costly chores, such as authentication/authorization and secure money transfer but also for the currency exchange rate conversion.

In an alternative embodiment of the invention, the method would allow the consumer to receive a currency exchange table (together with a lifespan stamp) from her own bank and keep it stored on her device or terminal (PC). The application that enables transactions can then look for a local table in the consumer's device (PC) first and provide price information in her consumer's device in real time. The application can also alert the consumer if the validity of the table has expired or if no such table exists. If a valid table exists with the relevant currency value, it is used throughout the whole session.

Another important point is that it keeps the trust chain intact, i.e. a consumer is more likely to trust her own bank for currency exchanges than another bank it has no knowledge of. It would also avoid confusions that would
5 come from a consumer buying products from merchants in the same foreign country and having to pay different prices in her own currency because the two merchants have different banks. The flow is as follows:

1 Offer is sent from a merchant to the consumer's
10 device;

2 The device checks if a valid currency table exists (if not, the device contacts the bank and requests a valid currency table);

3 The offer is changed by the device before it is
15 displayed so as to show the price in the consumer's currency;

4 The consumer decides to purchase the product. It sends a request to her financial institution including the amount of the deposit in her own currency.

5 The financial institution converts the deposit
20 currency to the merchant's currency and forwards it to the merchant's financial institution

6 When the shopping session ends, eventual money left unused is returned to the consumer's financial
25 institution on the merchant's currency

7 The consumer's financial institution converts the remainder of the deposit to the consumer's currency.

8 Session ends.

30 The customer identity is not disclosed by the payment system, not even to the trusted mediating agent. The merchant will only have access to a temporary customer identity and the customer public key, which is not traceable via the payment system. The merchant must of
35 course know the IP address of the customer but one may

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assume that the customer has a dynamic IP address and it is not traceable without some effort. The contents of the purchase(s) are hidden for the banks, i.e the mediating trusted agent or the account manager, because the purchase list is encrypted. Only a hash of the purchase list is visible, so that the mediating trusted agent can compare and verify that the both lists received from the parties are equal. A hash cannot be reversed in order to receive the purchase list.

On the merchant side, both the merchant and the merchant's operator have secured their payment from the customer's side. In order to protect the customers account and the account manager from abuse, secure channels like SSL or IPsec are used with sufficient strength in the encryption algorithms and the associated keys. The same applies between the merchant and the mediating trusted agent.

Double spending is impossible since the account manager does not hand out deposits beyond its own credit limit for the customer.

The PKI(Private Key Infrastructure) is reduced to a minimum, because a customer/merchant needs only to know the public keys of its clients. The difficult part is the operator's knowledge of other operators' public key. Other knowledge of public keys is only temporary.

With PKI the consumer has a certificate it would show the merchant to ensure privacy, authentication, etc. This privacy is not privacy towards the merchant itself, who could keep track of your shopping patterns or other info on your certificate for future, sometimes malicious, use. Besides, from a merchant perspective, a certificate that the consumer presents should be vouched for by a common trusted party, which means lots of liaisons between many different customer agents around the world.

The proposed solution assumes that the PKI infrastructure is placed in a particular topology.

In the topology, 4 zones are identified:

5 Zone 1: Englobes Financial Institutions (FI) on permanent trust relationships. A common certificate authority (CA) issues FI certificates.

Zone 2: Englobes FIs and their customers on permanent trust relationships. The FI issues certificates.

10 Zone 3: Same as Zone 2. (since a customer/consumer and a merchant both are customers from the FI's point of view).

Zone 4: Non PKI ruled zone that exists during a shopping session

15 When a shopping session starts certificates should be exchanged between consumers and merchants. Since the certificates issuers are outside each other PKI zone, the FI will act as mediators in this exchange.

20 The consumer will ask its FI to prepare a temporary certificate on behalf of itself. The temporary certificate contains only the consumer's public key (and relevant cryptographic information) and a session ID (used to track the session data to the involved parties). The FI will sign it (using the certificate issued by the CA common to its
25 and the merchants FI) and deliver it to the merchant's FI. The merchant's FI checks the signature for validity, decrypts the information, signs it (using the certificate issued by itself - trusted by its customer, the merchant) and forwards it to the merchant.

30 The merchant now possesses a cryptographic valid certificate that contains the necessary data to perform cryptographic enhanced operations without revealing the other party's identity.

35 The reversed process is initiated by the merchant to make its certificate available to the consumer.

This procedure also eliminates the need for the merchant/consumer to check Certification Revocation Lists (CRLs) for the validity of certificates. This process can be exhaustive specially if the consumer uses devices with
5 less processing power/restricted bandwidth, e.g. WAP phones.

The payment system according to the invention is adaptable to several account systems, because of an API in the account manager.

10 Further, the system assumes a multioperator environment, it is scalable, the number of supported currencies is only limited by the operator's willingness to sign agreements with other operators.

Even though numerous characteristics and advantages
15 of the present invention have been set forth in the foregoing description, together with details of the structure, it is to be understood that the disclosure is illustrative only, and changes may be made in detail within the principles of the invention indicated by the broad
20 general meaning of the claims.

For example, in another embodiment of the invention the customer agent is a mobile phone communicating with a merchant over a mobile telephone network and/or a public switched network and/or an Internet Protocol network.

25 In another example, each client (merchant and consumers) has a relation with a trusted party, i.e. bank or other operator. This party may be a common party or two different parties, in a latter case, having a relation with each other, like international banks.

30 Each client and trusted party have software components installed, which support this feature.

A Public Key Infrastructure (PKI) is implemented, preferably organised and maintained by the trusted party. The merchant and consumer have access to each other's
35 certificates.

In a usual trading situation there are always at least two parties, i.e a consumer and a merchant. In this example a new party is introduced, namely the trusted party. This party is however not any new actor in the field of trading. The role for the trusted party is to ensure that information sent between clients in the system is correct.

A transaction may take place when a consumer has received information about a product from a merchant. The information may contain whatever the merchant want. To support this feature, only a product identity and a product description are needed.

In this embodiment of the invention, a method for secure delivery of electronic goods, i.e an electronic or digital product such as software or a computer program product etc., is described. The goods are delivered over a communications network such as the Internet.

With reference to FIG 4, the consumer chooses a product, and initiates the purchasing process by sending a signed order to the merchant, which will be the evidence that the consumer really ordered the product ($sign(order)^c$). The consumer will have to read and accept the product description before he orders a product. By accepting the order, the merchant acknowledges that the customer agrees to purchase the product as described in the initial product offer.

In parallel to the action above, the consumer will send a consumer generated ciphering key ($K1$) to the trusted party, which acts as an intermediary, signing it and passing it along to the merchant.

Upon reception of the signed order, the merchant can send the product to the consumer ($sign([prod]^{K2}, prodID)^M$). The complete package of the digital product and product identity is signed and sent to the consumer. This signature ensures the authenticity of the product, which is essential

in the case of software to be installed on the consumer's hardware (HW) .

Furthermore, the digital product is sent ciphered with a key (K2) generated by the merchant. This means that the consumer can not open the content without the K2 key.

When the product package is received, the consumer client will do a check on received material in order to verify the correctness (transferring errors, wrong product etc). The signatures of the product and product description will be checked and that they concerns the same product. If it appears to be correct, the consumer sends an acknowledge to the merchant in a signed message ($sign(accept, unique)^c$) with a unique identifier time-stamped (to avoid reproducing problems). If the secure delivery is implemented together with an electronic payment scheme, the money is transferred to the merchant at this stage.

When the merchant receives the acceptance message from the consumer, it will initiate the last message in the procedure, which is the transfer of the ciphering key K2 to the consumer ($[K2]^{K_2}$). To avoid unauthorized access to the sent goods, the K2 key is ciphered with the consumer's K1 key.

Of course this is only the basic principle for a successful trading. A trading transaction can go wrong in several ways:

The goods do not reach the consumer, due to bad connections, loss of packages etc.

At point 4, a check is done to evaluate the status of the received product. A re-sending can be ordered automatically. If the re-sending is not successful, the purchase is aborted. Without the ($sign(accept, unique)^c$) message from the consumer the merchant can not claim payment for the product.

The goods do not fulfil the consumer expectations. Normally there are no realistic legal possibilities to revoke the purchase. However, with this system, the consumer has a big advantage, namely the merchant-signed product description. If the consumer's view is that the description does not give an accurate description of the received product, the consumer can escalate the controversy to (for example) the National Board for Consumer Policies (NBCP). The consumer sends the product ($\text{sign}([prod]^{K2}, \text{prodID})^M$) and the product description ($\text{sign}(\text{prod.desc})^M$) to the NBCP. The NBCP requests the key (K2) for decrypting the product from the trusted party. Since the product and the product description are signed and tied to each other by the product id, the consumer can't send false information to the NBCP.

This solution solves one of the most annoying problems in the electronic commerce arena with fairly simple methods.

It is easy to implement at the merchant site, all products may be pre-ciphered and pre-signed, and no real-time ciphering is needed.

No need for unnecessary transportation via mediators (except for the cipher key K1 that is a very small transfer).

The use of a verbal product description is most likely acceptable as legal evidence in case of a dispute between the two trading parties. This also means that the system can handle all kinds of digital transfers, such as music, documents, movies, software etc. without any special treatment of the goods depending on its kind.

It is possible to implement the solution in many of today's electronic payment schemes.

CLAIMS

1. A method of payment of goods and services in an electronic commerce system, utilising at least a customer agent (201) and a merchant agent (200), at least one
5 account manager (202,204) associated with said agents for administration of customer accounts and merchant accounts, and at least a mediating trusted agent (203) associated with one of said account managers (204) and said merchant agent (200) for checking transactions, for purchases made
10 by a customer from a merchant,

said at least one customer agent (201) and merchant agent (200), said at least one account manager (202), and said at least one mediating trusted agent (203) being interconnectable by a communications network, said merchant
15 agent (200) receives an order of goods/service from said customer agent (201); characterised by the further steps of:

a customer account manager (202) receiving an initiation message sent from said customer agent (201),
20 said message including data for registration of said customer agent (201), and order information; and providing said customer agent (201) with account data during a trading session being established between said customer agent (201) and said merchant agent (200) over the network;

25 said customer account manager (202) amending and forwarding said initiation message to said mediating trusted agent (203) for registration of said customer, and delivering of a deposit;

said mediating trusted agent (203) sending an
30 information message including said deposit to said merchant agent (200); and

when the value of at least one purchase amounts to the value of the deposit, or by instructions from said customer agent (201) or merchant agent, the trading session
35 is stopped.

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2. A method according to claim 1, **characterised** in that a plurality of purchase orders is executed within limit of said deposit.

5 3. A method according to claim 1 or 2, **characterised** in that said initiation message further comprises the amount of the deposit, a transaction identity, the identity of the merchant and the identity of the merchant's operator for locating a proper mediating trusted agent (203).

10 4. A method according to claim 3, **characterised** in that said amended initiation message comprises the deposit in the customer currency, a customer identifier, said transaction identity, and the identity of the merchant.

15 5. A method according to claim 4, **characterised** in that said information message comprises the deposit in the currency of the merchant, a trading session identity, and said customer identifier.

20 6. A method according to any of the preceding claims, **characterised** in that, after the step of said mediating trusted agent (203) sending an information message, it comprises the further step of:

25 said merchant acknowledging the customer and the associated deposit to said mediating trusted agent (203).

7. A method according to claim 6, **characterised** by the further step of:

30 said mediating trusted agent (203) acknowledging the customer and the associated deposit to said customer account manager (202).

35 8. A method according to claim 7, **characterised** in that said acknowledging including the current exchange rate

and that said customer account manager (202) forwarding said exchange rate to the customer agent (201).

9. A method according to any of the preceding claims,
 5 characterised in that the step of said customer account manager (202) amending and forwarding said initiation message to said mediating trusted agent (203) further comprises the substep of:
 vouching for the customer.

10. A method according to any of the preceding claims, characterised in that the step of stopping the trading session further comprises the substep of:
 said merchant agent (200) receiving a trading session
 15 terminate message sent by said customer agent (201) or a timeout.

11. A method according to claim 10, characterised by the further steps of:

20 said customer account manager (202) sending a customer transaction record to said mediating trusted agent (203);

said merchant agent (200) sending a merchant
 25 transaction record to the mediating trusted agent (203);
 said mediating trusted agent (203) comparing and evaluating said transaction records, resulting in clearing information;

said mediating trusted agent (203) sending said
 30 clearing information to said customer account manager (202) and a merchant account manager (204), respectively; and

said customer account manager (202) and a merchant account manager, respectively, sending said clearing information to said customer and said merchant; based on
 35 said clearing information, processing said transaction

records to a withdrawal record and a deposit record, respectively; storing the transaction records; and sending said withdrawal record to a customer billing system and said deposit record to a merchant billing system.

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12. A payment system for use in an electronic commerce system, comprising at least a customer agent (201) and a merchant agent (200), at least one account manager (202,204) associated with said agents for administration of customer accounts and merchant accounts, and at least a mediating trusted agent (203) associated with one of said account managers (204) and merchant agent (200) for checking transactions, for purchases made by a customer from a merchant,

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said at least one customer agent (201) and merchant agent (200), said at least one account manager (202), and said at least one mediating trusted agent (203) being interconnectable by a communication network,

characterised in that

20

said merchant agent (200) is adapted to receive an order of goods/service from said customer agent (201),

said customer account manager (202) is adapted to receive an initiation message sent from said customer agent (201), said message including data for registration of said customer agent (201), and order information; and to provide said customer agent (201) with account data during a trading session being established between said customer agent (201) and said merchant agent (200) over the network;

25

said customer account manager (202) is adapted to amend and forward said initiation message to said mediating trusted agent (203) for registration of said customer, and to deliver said deposit;

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said mediating trusted agent (203) is adapted to send an information message including said deposit to said merchant agent (200); and

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preceding claims, characterised in that

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trusted agent (203);

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transaction records and generate clearing information;

said mediating trusted agent (203) is adapted to send said clearing information to said customer account manager (202) and a merchant account manager connected to said mediating trusted agent (203) via said network, respectively;

said customer account manager (202) and a merchant account manager are adapted to send said clearing information to said customer and said merchant, respectively; based on said clearing information, process said transaction records to a withdrawal record and a deposit record, respectively; store the transaction records; and sending said withdrawal record to a customer billing system and said deposit record to a merchant billing system.

24. A method for secure delivery of electronic products over a communications network, wherein a merchant agent (200) receives and accepts a signed order form a consumer agent (201), characterised by the further steps of:

the merchant agent (200) encrypting the electronic product with a first key (K2);

the merchant agent (200) signing and sending the encrypted electronic product and the product identity to the consumer agent (201) for verification;

the merchant agent (200) receiving an acceptance message from the consumer and sending the first key (K2) to the customer agent for decryption of the electronic product.

25. A method according to claim 24, characterised by, before the step of sending the first key (K2) to the customer agent (201), the further step of:

the merchant agent (200) receiving a second key (K1) from the consumer via a mediating trusted agent (203),

26. A method according to claim 25, characterised in that the first encryption key (K2) is encrypted with the second key (K1) before the first key (K2) is sent to the customer agent (201).

27. A method according to claim 24, characterised by,
10 after the verification of the received electronic product
by the customer agent (201), the further step of:

the merchant agent (200) initiating a re-sending of
15 the electronic product.

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ABSTRACT

A method and system of payment of goods and services in an electronic commerce system, which reduces the transfer and processing costs for each purchase made by a customer from a merchant, utilising at least a customer agent (201) and a merchant agent (200), at least an account manager (202,204) associated with the agents for administration of customer accounts and merchant accounts, and at least a mediating trusted agent (203) associated with one of the account managers (202) and merchant agent (200) for checking transactions during a trading session. The at least one customer agent (201) and merchant agent (200), the at least one account manager (202), and the at least one mediating trusted agent (203) being interconnected by an electronic communication network.

To be published with FIG 2.

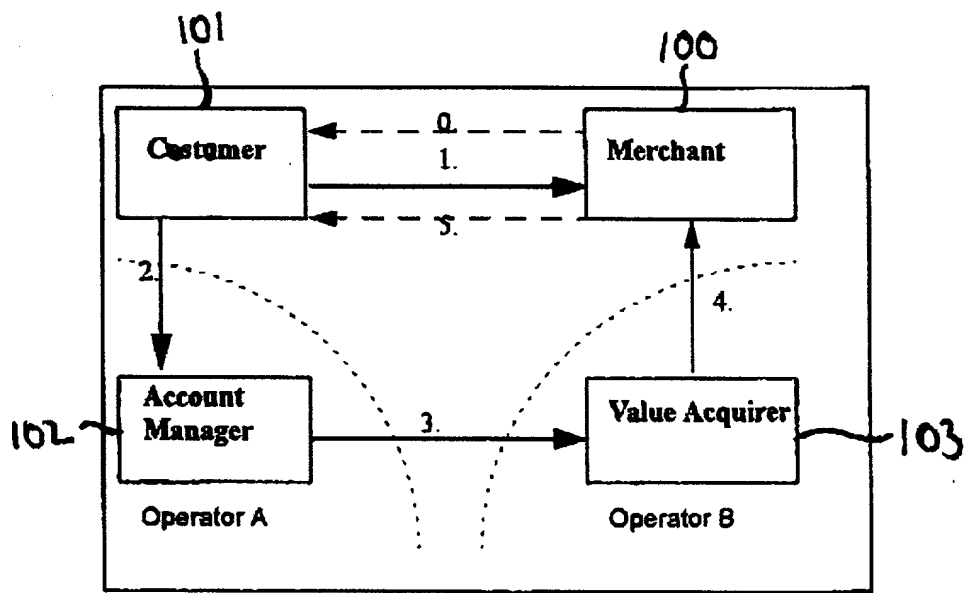


FIG 1

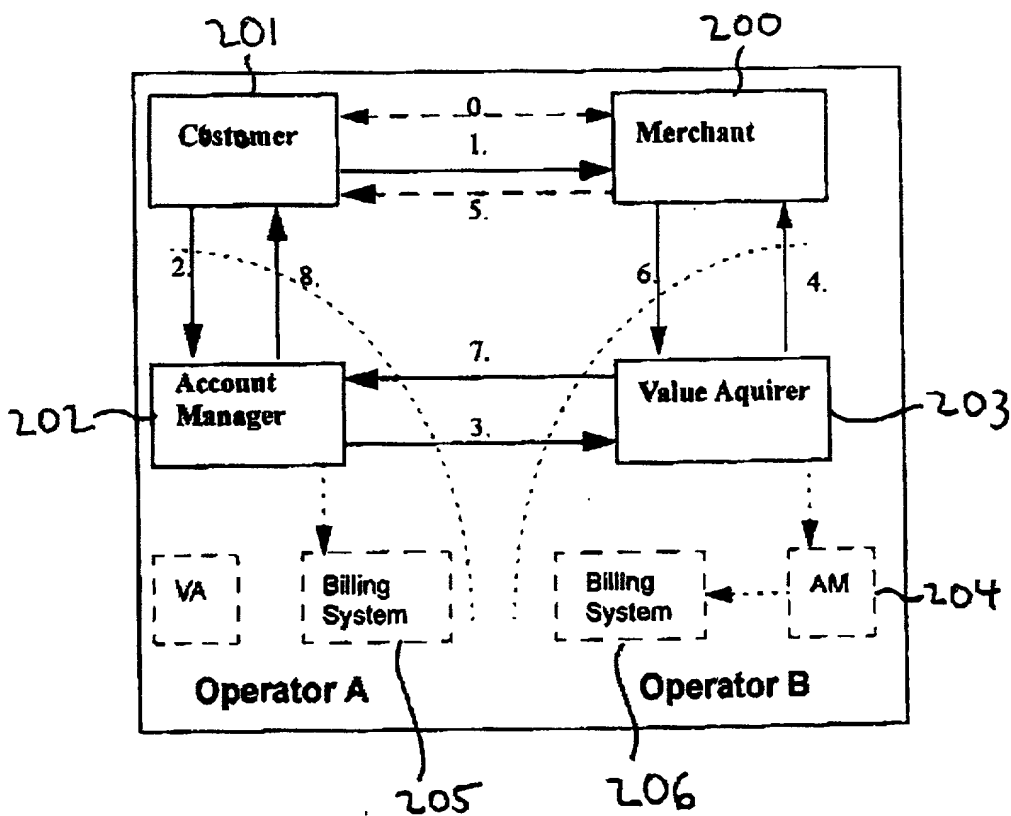


FIG 2

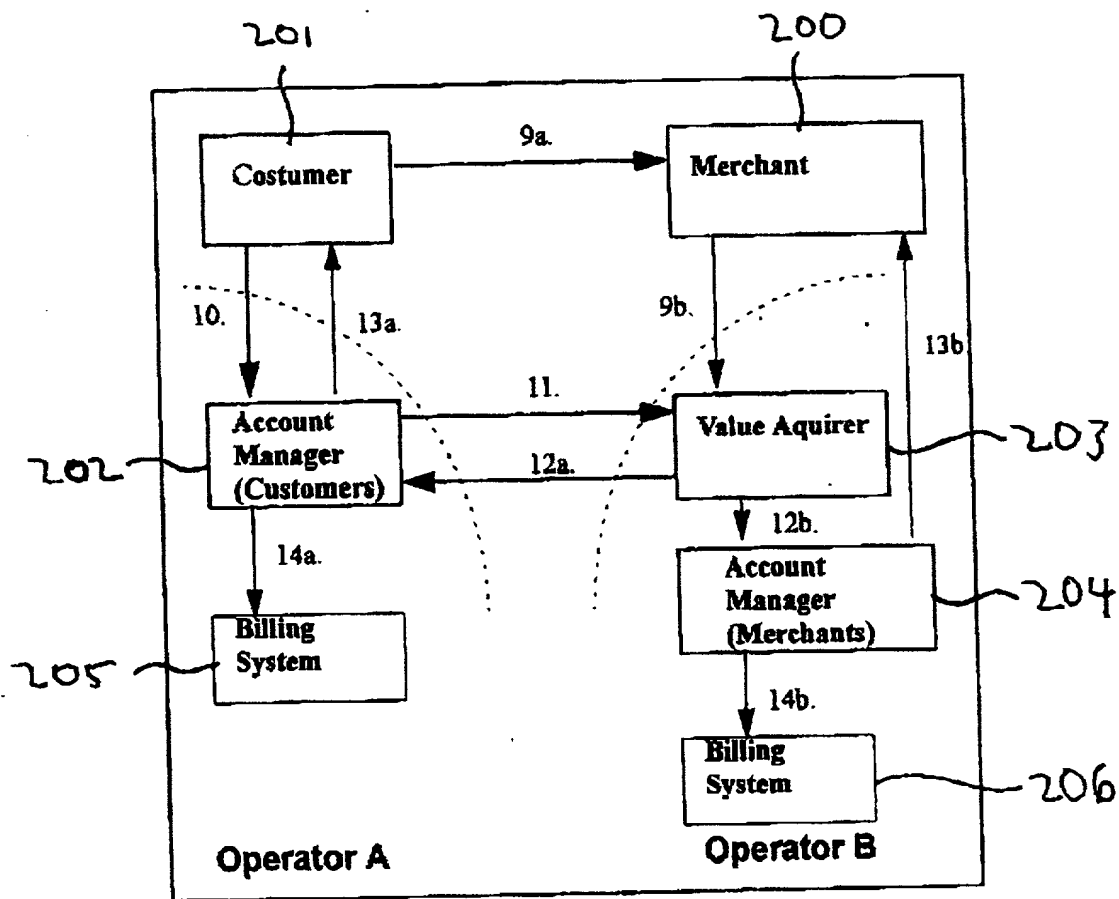


FIG 3

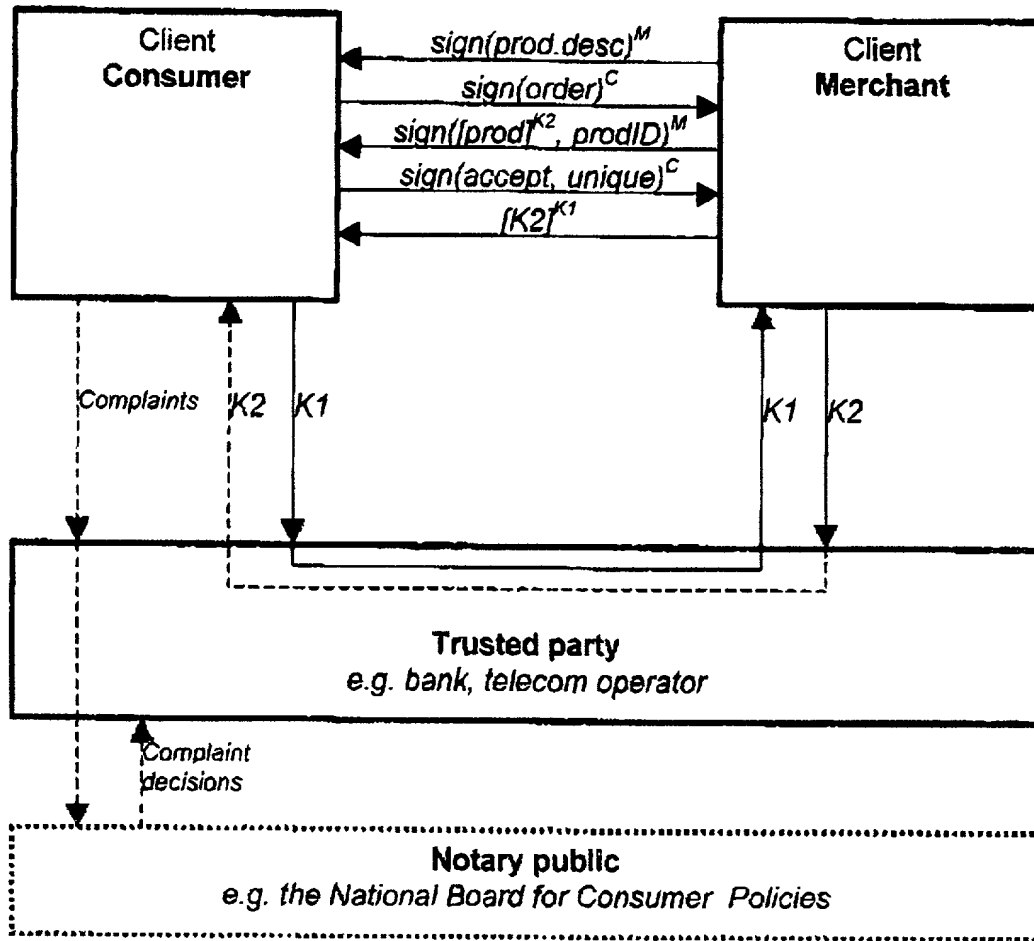


FIG. 4